

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



June 3, 2020

Alex Hersch
Operations Manager
Commercial Energy of Montana, Inc.
7677 Oakport St., Suite 525
Oakland, CA 94621

Dear Mr. Hersch,

On October 31, 2019, Commercial Energy of Montana, Inc. (Commercial Energy) filed a waiver request via Advice Letter 9-E for its 2020 year-ahead local Resource Adequacy (RA) requirement in the Bay Area, Fresno, and Sierra local areas. Commercial Energy seeks relief from its remaining 2020 year-ahead local RA obligation and any potential Commission-imposed penalties for deficiencies. Commercial Energy's waiver request demonstrated that it pursued all commercially reasonable efforts in procuring local capacity to meet its local RA obligations. The Energy Division of the California Public Utilities Commission (Commission) approves Advice Letter 9-E, Commercial Energy's request for a penalty waiver.

Commission Decision (D.) 06-06-064 established waiver provisions for local Resource Adequacy (RA) procurement. D.19-06-026 established 2020 compliance year obligations for all Load Serving Entities (LSEs). On October 31, 2019, Commercial Energy submitted its year-ahead local RA compliance filing, showing a deficiency in the Bay Area, Fresno, and Sierra local areas. Commercial Energy also submitted a request for penalty waiver for this deficiency via Advice Letter 9-E pursuant to D.06-06-064 and D.19-06-026.

Section 3.3.12 of D.06-06-064 describes a standard that an LSE may use to demonstrate that it could not reasonably achieve its LCR obligations:

(1) a demonstration that the LSE reasonably and in good faith solicited bids for its RAR capacity needs along with accompanying information about the terms and conditions of the Request for Offer or other form of solicitation, and

(2) a demonstration that despite having actively pursued all commercially reasonable efforts to acquire the resources needed to meet the LSE's local procurement obligation, it either

(a) received no bids, or

(b) received no bids for an unbundled RA capacity contract of under \$40 per kW-year or for a bundled capacity and energy product of under \$73 per kW-year, or

(c) received bids below these thresholds but such bids included what the LSE believes are unreasonable terms and/or conditions, in which case the waiver request must demonstrate why such terms and/or conditions are unreasonable.

An LSE's waiver request that meets these requirements is a necessary but not a sufficient condition for the grant of such waiver. The Commission will also consider other information brought to its attention regarding the reasonableness of the waiver request.

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Energy Division has reviewed Commercial Energy's actions and finds them reasonable considering the capacity available to meet Commercial Energy's local RA obligation. In this case, Energy Division finds that Commercial Energy held solicitations and pursued all commercially reasonable efforts to acquire the resources needed to meet the LSE's local procurement obligation. Commercial Energy's waiver request includes confidential market-sensitive information supporting this finding. Thus, Energy Division grants Advice Letter 9-E, Commercial Energy's request for a waiver of Commission penalties related to its year-ahead 2020 local RA procurement.

Sincerely,

Handwritten signature of Edward Randolph in cursive, followed by the text "(FOI)" in parentheses.

Edward Randolph
Deputy Executive Director for Energy and Climate Policy /
Director, Energy Division

Cc: EDComplianceReports@cpuc.ca.gov